

New Media Business Models, Where Content and Commerce Collide:
Strategies and Ethical Considerations for Success in a New Media World

A Senior Project

presented to

The Faculty of the Journalism Department,
California Polytechnic State University, San Luis Obispo

In Partial Fulfillment

of the Requirements for the Degree

Bachelor of Science in Journalism

By Aryn Sanderson

March 2014

© Aryn Sanderson 2014

ABSTRACT

Media practitioners are finding themselves at a crossroads. Due to increasing digitalization and decreasing funding for so-called traditional outlets, “new media” forms have emerged and, with those, new economic models to generate revenue. New media platforms diverge from old media archetypes in the way they utilize the interaction of content and commerce. The collision of content and commerce is both a novel idea for media sustainability and treacherous water for its credibility. This study analyzes a few key new media economic platforms - sponsored content in a digital-first publication, crowd funding stories and a ranked, e-commerce model - in hopes of discovering fresh insights about new media content and revenue generation. Ultimately, this study addresses recommendations new media practitioners might implement in an effort to thrive economically and ethically in this grey-area, digital age.

TABLE OF CONTENTS

Chapter 1.....	1
Statement of Problem.....	1
Background of the Problem.....	1
Purpose of the Study.....	2
Setting for the Study	2
Research Questions	2
Definition of Terms	3
Organization of Study.....	6
Chapter 2	7
Literature Review.....	7
The Emergence of New Media.....	7
New Media Business Elements.....	9
Collision of Content and Commerce: Concerns for a New Media Landscape.....	10
Sponsored Content.....	11
Crowd-funded/Nonprofit.....	14
Ranked.....	16
Chapter 3.....	17
Methodology.....	17
Data Sources.....	17
Participants.	17
Interview Design.	17
Data Collection.....	18

Data Presentation.....	18
Limitations and Delimitations.....	19
Chapter 4.....	20
Data Analysis.....	20
Description of Participating Industry Experts.....	20
New Media Questionnaire	21
New Media Research Questions and Findings.....	27
Comparison of Literature and Qualitative Data.....	31
Table 1.....	32
Table 2.....	34
Table 3.....	36
Chapter 5.....	38
Discussion.....	39
Recommendations for Practice.....	45
Study Conclusion.....	48
References.....	49
Appendix A.....	55
Appendix B.....	58
Appendix C.....	61

LIST OF TABLES

Table 1.	<i>Evolution of New Media</i>	32
Table 2.	<i>Misunderstandings about New Media</i>	34
Table 3.	<i>Ethical Considerations of New Media</i>	36

Chapter 1: Introduction

Introduction

Statement of the Problem

We are approaching a critical crossroad in new media. New media forms encourage the creation of new media economic models that differ from traditional, old media in the way they combine content and commerce. In sponsored content, advertising and content clearly meet at an intersection. In a nonprofit model, the audience quite literally helps fund the journalism, and, in a ranked model, commerce is hosted on an editorial site. This research paper will offer a look into these grey areas and will investigate new media economic models deeper in the hopes of discovering fresh insights about content and revenue models that can survive and flourish both economically and ethically in the digital age.

Background of the Problem

The media industry is in peril. At one point in time, print papers had an incredibly attentive audience. According to a 1978 study, local newspaper monopolies existed in 97 percent of American cities (Barnett, 1978). This is a far cry from the media world of today, more than three decades later, where the once newspaper giants are now trembling at the knees – or cut off at them.

A culture of digitalization, coupled with a faltering American economy, led newspaper circulation to drop by around 10 percent from 2008 to 2009 (Perez-Pena, 2009). This erosion in media circulation was further depressed by other indicators of the industry's declining health: lowered advertising rates, lessening employee head counts, publication closures.

Instability isn't limited to print media; no media model has proven itself sustainable for new media practices quite yet.

Of the available business models for most newspapers, for instance, presently none have proven themselves particularly sustainable sources of economic revenue, a concept only underlined when in comparison to the revenues generated by major print publications in the past (Barnett, 1978).

Ergo, Haugh in 2012 put it best: "Now that the growing ubiquity of the Internet has blown the model to smithereens, the challenge is to find new models to fund new digital platforms."

Purpose of the Study

In accordance with the current trends in digitalization, the influence of new technology and the decline of print media are leading to innovative media types and business platforms. By investigating the current strategies used to develop, manage and profit off new media, it will benefit media industry professionals and advertising and marketing professionals who want to see their media outlet, or their product, flourish.

Setting for the Study

This study will be done as part of the research and data collection for a senior thesis at California Polytechnic State University, San Luis Obispo. Interviews will be conducted with three experts that utilize the following models: sponsored content, nonprofit/crowd-funded and ranked content. The experts will each be asked questions about their new media economic models and content. The goal of the study is to fill the gaps in previous literature on the topic of new media economic models.

Research Questions

The following research questions were developed to determine the existing information regarding new media business models. The questions were developed with the intent to analyze the state of new media models and the goal of finding holes in existing research to then fill with first-person accounts and qualitative interviews.

1. How did new media models emerge?
2. What are the characteristics of new media?
3. What does the new media market look like now?
4. What do industry experts believe the new media market will look like in the near future?
5. What are the main concerns associated with sponsored content?
6. What are the main concerns associated with crowd-funded or nonprofit content?
7. What are the main concerns associated with ranked content?
8. What are the benefits or strengths of the aforementioned new media model types?

Definition of Terms

The following terms are presented to the reader to assist in comprehension of this study of new media models.

New media: According to Neuman, new media content will “blur the distinction between interpersonal and mass communication and between public and private communication”

(Neuman cited in Croteau and Hoynes, 2003, p. 322). Neuman argues that new media:

- Will alter the meaning of geographic distance.
- Allow for a huge increase in the volume of communication.
- Provide the possibility of increasing the speed of communication.

- Provide opportunities for interactive communication.
- Allow forms of communication that were previously separate to overlap and interconnect.

Advocacy journalism: The term advocacy journalism describes journalism used to promote a specific political or social cause. “The term is potentially meaningful only in opposition to a category of journalism that does not engage in advocacy, so-called objective journalism” (Jensen, 2008).

Business model: “Despite its common use by academics and managers, the concept of business model remains seldom studied,” (Weill, 2005). A business model is most simply defined as “what a business does and how a business makes money doing those things.”

Crowd funding: Crowd funding is a way to generate funding by raising multiple donations from a large number of people. There are many crowd funding websites where project creators try to create a compelling idea that readers will be drawn towards enough to fund (Prive, 2012).

Digitalization: Digitalization is the use of technology to convert information into a digital format. With digitalization as a medium also comes digitalization as a societal trend. “Digitalization is an irreversible process – a complex systemic change of economic-social, political-institutional and cultural-mental-ideological dimension, [...] We consider this process a revolution, but a revolution of its own: it is a media revolution, relied on computer networks as the general medium” (Rückriem, 2011).

Interactivity: Interactivity is a major characteristic of new media. For a digital form to be considered interactive, it must be an integration of digital media that “allows people to interact

with the data for appropriate purposes” (England, 2011). An interactive digital environment is a “dynamic environment.”

Interruption-marketing model: The interruption-marketing model is one of disruption. For instance, a 30-second advertisement might disrupt the Super Bowl, or a telemarketer might interrupt a family dinner. A print ad, for instance, interrupts the reading of a traditional magazine. The “permission model,” where viewers volunteer to pay attention, is its converse (Taylor, 1998).

Nonprofit journalism: Nonprofit media outlets rely on grants, donations from private individuals and contributions from community foundations to finance operations. *Mother Jones* and *Harper’s Magazine* are examples of nonprofit organizations (Perry, 2007).

Paid co-creation: In the co-creation model, an advertiser funds the development and staffing of a new section, site, app or media platform that currently doesn’t exist. While the sponsor guides the direction, feel and idea behind the section, site or media platform, it does not have control over ultimate editorial content. Forbes, Meredith and Mashable have taken this route. It can be compared to the modern-day equivalent of a “brand naming a baseball or football stadium” (Edelman, 2013).

Ranked system: The ranked system is one in which merchants, advertisers or consumers pay a provider for information placement in an organized listing in a searchable database, generally hosted on an independent media site. Thus far, searchable databases of paid-for, classified ads have proven financially viable for media outlets, even “very lucrative” (Scott, 2008, p. 106).

Sponsored content: Sponsored content is “generally understood to be content that takes the same form and qualities of a publisher’s original content” (Sonderman, 2013). This content favorably influences the perception of the sponsor brand.

Watchdog journalism: Watchdog journalism is the idea that journalists are supposed to provide a public service and act as protectors of the public. Watchdog journalism is closely tied to investigative journalism, and it often officiates as the fourth estate. “The emerging role of watchdog journalists is not only to denounce problems, but to explore and verify those solutions” (Hunter, 2010).

Organization of Study

Section 1 will include the statement of the problem, the background of the problem, the purpose of the study, the setting of the study, research questions, the definitions of key terms and the organization of the study. Section 2 will consist of a review of literature analyzing the existing academic body of information. Section 3 will include the methodology of this study. It will review the data sources, interview design, data collection methods, data presentation and study limitations and delimitations. Section 4 will analyze the data collected. This section will include descriptions of participating respondents, the research questions and the research data. The final chapter will discuss the industry expert interviews and suggest recommendations for practice based off of these exclusive interviews with industry experts.

Chapter 2: Literature Review

Literature Review

This review of literature focuses on the existing materials related to new media and the business models of such, including various trends, models, concerns and theoretical frameworks regarding the development and evolution of alternative media forms and their platforms for economic success.

The Emergence of New Media

As the newspaper and media industries face unprecedented declines and challenges, novel media outlets and associated media economic models are springing up across the United States.

“It has come to this,” Australian journalist Rachel Morris wrote about the United States’ newspaper economy, “Journalists and politicians, the occupations occupying two of the lowest rungs of the social acceptance scale, debating the future of journalism” (Morris, 2009, p. 26).

And the debate is not in vain. In fact, financial pressures and a decreased audience size have led newspapers to downsizing and cutbacks nationwide. In 2009, the newspaper industry faced an average of 26 percent in advertising losses (Pew Project for Excellence in Journalism, 2010).

However, despite an economic recession, according to David Phelps, “It’s not just the economy, stupid,” (Phelps, 2009). Instead, he attributes the troubles to a “perfect storm of outdated business models that were slow to adapt to the Internet, a fragmented audience that is less receptive to mass advertising and a faltering economy that is undermining or even wiping out advertisers such as auto dealers, real estate firms and giant retailers.”

For mainstream media outlets to survive, he predicted that the media needed to change its business models (Phelps, 2009). His predictions were spot-on. Newspaper newsrooms were 30 percent smaller in 2011 than eleven years prior (Pew Project for Excellence in Journalism, 2011), and because of downsizing, 800,000 fewer stories were produced nationwide each of those years (Doctor, 2010).

Accordingly, as a response to the financial problems facing the majority of media organizations, particularly traditional and local newsrooms, media practitioners and emerging new media platforms turned toward new forms of creation and distribution.

This trend was not just seen in newsrooms or by traditional journalism practitioners. Entertainment media, magazines, broadcasters, bloggers, niche publications and so forth also noted a trend toward digitalization and new media economic models, such as online-only, pay-for-content, allied content or sponsored content business models. Consumption of digital content is now status quo among up-and-coming generations, and older audiences are getting onboard at increasingly hasty speeds (Berman, 2011).

New media models emerge with — or, perhaps, because — the world is at a turning point of rapidly evolving technology. Low user loyalty is common in traditional, “old media” news sites, even when digitalized (Greer, 2003), and so new media models are looking to bridge the gap by creating a content model that entices the creation of a community and inspires the continuation of it. Media is therefore becoming increasingly interactive, immersive and digital.

According to Neuman, new media content will “blur the distinction between interpersonal and mass communication and between public and private communication” (Neuman cited in Croteau and Hoynes, 2003, p. 322).

Neuman argues that new media:

- Will alter the meaning of geographic distance.
- Allow for a huge increase in the volume of communication.
- Provide the possibility of increasing the speed of communication.
- Provide opportunities for interactive communication.
- Allow forms of communication that were previously separate to overlap and interconnect.

Accordingly, economic models must develop to support these novel platforms, argued Haugh.

“The advertising-based model of commercial media in which circulation and ratings enticed advertisers while advertisers kept newspapers affordable and television free-to-air had a good run — 150 years and more. Now that the growing ubiquity of the Internet has blown the model to smithereens, the challenge is to find new models to fund new digital platforms,” (Haugh, 2012).

In fact, the tired, traditional, interruption-marketing model that used to dominate is no longer tolerated or encouraged (Festoon Media, 2010). Media consumers have more of the power now. This can be seen in the subsequent section with a review of various major elements of new media business models.

New Media Business Elements

There are multiple types of new media business models, according to the seven-year old study “New business models for the new media world.”

“For the next three to five years at least, we see no clear winner among [...] business models. Instead, we expect different companies to pursue divergent models and unique

combinations that leverage their historical strengths and assets – and as a result, the market overall will look extremely varied, even chaotic at times” (Berman, 2007, p. 23).

Unsurprisingly, we are still seeing “divergent models” and a “chaotic” marketplace more than two years after Berman’s predicted timeframe. The study advised seven industry specific goals for new media, goals it declared imperative for success in the new media industry. Goal number three was: “Innovate business models” (Berman, 2007).

Over the course of the past seven years since that advice was given, a multitude of innovative business models have emerged for new media outlets. Most incorporate some of the key same elements, such as an emphasis on social media, user-to-user interactivity and user-to-information interactivity (Festoon Media, 2010). New media is the “media of the masses,” changing continuously as it is consistently “modified and redefined by the interaction between the creative use of the masses, emerging technology, cultural changes, etc.” (Festoon Media, 2010).

Yet, advertisers’ goals remain the same, and so potential advertisers are searching for ways to “harness” new media and “justify” these risky marketing spends. This is all in an effort to ““meet people with the right message at the right time through the right media,”” said Adam Brown, director of digital communications, The Coca-Cola Company, as quoted in Festoon Media (Festoon Media, 2010).

Therefore, nicheization might be the most important element of new media, as finding specific clientele for advertisers to connect with is key (Vukanovic, 2011). Other important characteristics of new media and online publishing also include hypertextuality and multimediality (Deuze, 2005, p. 203).

Collision of Content and Commerce: Concerns for a New Media Landscape

Media executives must therefore strategically accept, adopt and innovate new consumer and advertising strategies to generate revenue in an effort to support new media platforms, and these broadly include new payment forms, advertising models and innovative distribution forms (Vukanovic, 2011).

Unfortunately, the majority of coverage related to new media business models takes place in theory, as opposed to experiment-based data. There is a lack of real consensus, coupled with a lack of metrics to gauge success, among this emerging field of interest. And so, many academics remain speculative, and even skeptical, regarding the future of both old and new medias. Of the available business models for most newspapers, for instance, presently none have proven themselves particularly sustainable sources of economic revenue, a concept only underlined when in comparison to the revenue generated by major print publications in the past (Barnett, 1978).

In this section, I will define and detail some of the most popular and promising based on a review of existing scholarly literature. These include, but are most certainly not limited to, sponsored content, crowd-funded and nonprofit journalism and ranked content models. Along with defining and detailing some of these up-and-coming models, I will delve into the relevant strengths and relevant concerns regarding their economic and ethical implications. Later on in the research section, experts representing each of the aforementioned new media economic mediums will be interviewed in an effort to fill in the gaps within the existing body of literature.

Sponsored Content

Sponsored content, often called paid content or native advertising, is non-editorial coverage that has been purchased and is placed on a typically neutral medium, such as an editorial news website or an entertainment website. 21st century media is seeing a shift toward

sponsored content because of lowered advertising prices, new norms in how content is viewed (such as in “feed” form like Twitter, where sponsored posts easily are camouflaged) and because brands are now able to host their own sites (Edelman, 2013).

There are multiple ways sponsored content is weaved into media. For example, some major news providers such as AOL, NBC and Gawker host paid-syndicated posts from major corporations in places that are typically reserved for pure editorial content. Often times, these advertisements do not advocate a positive position. Many are merely mentions or feature stories (Edelman, 2013).

Paid integration of content into digital media, such as in the case of BuzzFeed, is taking off in the media marketplace. BuzzFeed often creates popular list posts around a sponsor’s product or ideals. The paid integration model is most easily relatable to product placement in customers’ favorite television shows or movies (Edelman, 2013).

Paid co-creation is also an up-and-coming means of sponsored content. Often called “aligned content,” in the co-creation model, an advertiser funds the development and staffing of a new section, site, app, post or media platform that currently doesn’t exist. While the sponsor guides the direction, feel and idea behind the section, site or media platform, it does not have control over ultimate editorial content. Forbes, Meredith and Mashable have taken this route. It can be compared to the modern-day equivalent of a “brand naming a baseball or football stadium,” (Edelman, 2013).

For example, BuzzFeed’s “12 Stages Of Your Relationship With Your Car” is aligned with Volkswagen. Although the content of the article never mentions the brand, at the top of the post, it reads “Brought to you by Volkswagen,” and, at the bottom, there is a YouTube video of a

Volkswagen commercial. There is no author byline; where the contributor's online username is generally featured, there is a link to other Volkswagen-sponsored posts.

However, despite being paid advertising, oftentimes, “these ads do closely resemble the adjacent journalistic content. Additionally, they are often slotted in the news section - once-sacred ground [...] That said, there are major ethical hurdles to address too if sponsored content is to provide any value for the news media, marketers and, above all, the public” (Edelman, 2013).

Because of this, sponsored content is often seen as a disruptive new media model. Sponsored content can effectively “engender positive response toward an advertiser and increase feelings of customer responsiveness, product quality, category leadership, and even purchase intention” (Becker-Olsen, 2013).

Many academics believe that sponsored content benefits the advertiser more and is, in a way, a necessary evil because it is a strong monetization option. Most industry experts and researchers in fact, consider it the strongest monetization option. Paid syndication, for instance, starts as little at \$5,000 for a single post, and co-creation, for instance, typically runs from \$100,000 to millions of dollars (Edelman, 2013).

Accordingly, sponsored content is one of the fastest-growing ad segments, with 22 percent growth in 2013, according to eMarketer as cited by Lauder. That is more than double the growth rate for traditional banner advertisements (Lauder, 2013).

On the other side of the equation, however, some media consumers feel duped. In 2013, the Federal Trade Commission hosted a gathering about “blurred lines” to discuss whether media outlets adequately identify sponsored content as promotional and to consider if audiences are misled (Lauder, 2013). Though the gathering wasn't a hearing or investigation, there remains an

underlying concern that running sponsored content, particularly without clear distinction or placement, will erode audiences' trust in a media brand and ultimately disrupt their patronage.

Clear disclosure of sponsored content, public partnerships and high quality content creation are key to this new media economic model's success (Edelman, 2013). Although it is early in the game, the current consensus is that content is king. If the content remains top-notch, even if it is paid for, audiences will read — and not reject — it.

Crowd-funded/Nonprofit

Crowd-funded journalism, the business model in which journalists rely on payments from many sources to finance reporting, has its own implications for the future of news. Typically, crowd funding relies on micropayments from many contributors. In the journalistic sector, a sort of “pay per value” model is often applied, in which contributors pay how much they feel a particular journalistic piece, not aggregating entity, is worth. In this lens, crowd-funded journalism fits neatly into reports of recent trends that suggest an increasingly participatory role for media audiences. The spread of crowd-funded journalism shows consumers are interested in playing an increasingly active role in media production, not just consumption.

Accordingly, findings based on analyses of Spot.us, a pioneering crowd-funded journalism website, show that consumers are more likely to donate to stories that provide them with practical guidance for daily life, such as stories about public health concerns, “as opposed to stories from which they gain a general awareness of the world (e.g., cultural diversity, or government and politics)” (Jian, 2014, p. 155). The study reported that donors to this “relatively new phenomenon” seem to prefer specific news topics that are of immediate utility to daily living.

This brings up a concern that, if crowd-funded news spreads, some topics will disappear to the background. According to the study, coverage of general public affairs news would decrease while “news you can use” coverage would increase. The study acknowledges the concern by suggesting that it is a marker of the choice gap between professional journalists and citizens.

A 2012 article looks at the same website, Spot.us, and points to a downturn in crowd-funded journalism because of crowd funding fatigue. Emphas.is, for instance, focuses on crowd funding visual storytelling, and Kickstarter and Indiegogo allow crowd funding for almost any project, journalistic endeavors included. An explosion of crowd-sourced projects might deter the business model’s sustainability (McCarthy, 2012).

Crowd-funded journalism is a subset of the nonprofit media model.

The spread of nonprofit media outlets points to pressing concerns among journalists and philanthropists that cutbacks in the media industries have compromised the quality of high-end reporting and media production, a service that is seen by many as a necessary watchdog within a democracy.

Nonprofit media outlets function under the idea that what the media produces is not a consumer good, but rather a “community asset” (Perry, 2007). Nonprofit media outlets rely on grants, donations from private individuals and contributions from community foundations to finance operations. *Mother Jones* and *Harper’s Magazine* are examples of nonprofit organizations (Perry, 2007).

However, the news that people fund is the news that people see. For instance, nonprofit media has led to bias-specific news entities. Just as traditional media journalists find themselves

pushed to follow owners' desires, nonprofit news outlets frequently find themselves assigned to "chase after the idiosyncratic whims of funders" (Shafer, 2009).

Ranked

The ranked system is one in which merchants, advertisers and/or consumers pay a provider for information placement in or access to an organized listing in a searchable database, generally hosted on an independent media site. Thus far, searchable databases of paid-for, classified ads have proven financially viable for media outlets, even "very lucrative" (Scott, 2008). The ranked system is one in which content drives commerce, and the database itself, within the media outlet, is the connecting tool.

For instance, at Schibsted, an Oslo, Norway based publisher, online activities, including a classified advertising section, deliver about 25 percent of the company's total revenue (Pfanner, 2009).

"Firms adopting this model have the opportunity to reach an advertiser-coveted audience. In addition, such sites may provide meaningful exposure that would otherwise be lost in the unstructured clutter that currently typifies the Web" (Chatterjee, 2006).

However, in my review of contemporary, academic literature, ranked content appeared to be the least explored method of generating money in digital media. Perhaps, this is because it is also one of the messiest. When incorporating a searchable database of ads into a website, the website's neutrality and credibility might be called into question.

Chapter 3: Methodology

Methodology

This chapter will demonstrate the methods used to collect data for the study including the data sources, interview design, presentation and limitations and delimitations.

Data Sources

In this study, one real-life practitioner from each of the three new media economic models discussed in the literature review were interviewed based on the same questionnaire.

Respondents were (in order) professionals and industry experts in the fields of: sponsored content, nonprofit/crowd-funded journalism and ranked models. They were interviewed based on the same questionnaire, however each were asked follow-up probes dependent on their answers in an effort to expand upon current industry theory. This questionnaire was specifically designed to relate the research questions to relevant industry anecdotes and experiences.

Participants

The sponsored content expert selected was Ramona Saviss, managing editor of *Time Out LA*, a print and digital magazine that features sponsored content. Naheed Mustafa, an award-winning freelance writer and broadcaster based in Toronto, Canada, was the selected crowd-funded journalism expert. Mustafa raised over \$15,000 on crowd funding platform Indiegogo to fund a 7-week reporting project that took her to Pakistan and Afghanistan. Matt Klein, director of product management for Dwell Media, represents the ranked system. Dwell uses advertising, an e-commerce store, an independent research division and Dwell Design Source, a ranked page with a membership subscription tied to it, as the main ways of generating profit.

Interview Design

The following questions and their resulting follow-up questions and probes were asked

each of the experts and served as data sources for the study:

1. How does your new media business model generate an economic profit? Please give specific numbers if possible. Explain the outlet's procedures.
2. What are the main ways your "new media" outlet differs from a traditional, "old media" model? Conversely, what aspects of traditional, "old media" does your media outlet maintain?
3. How do content and commerce relate within your new media business model?
4. What are the ethical considerations and implications of your "new media" economic model?
5. What is particularly innovative about your implementation of this "new media" economic model?
6. What advice would you give another media practitioner looking to implement a similar model?
7. What do you think is most misunderstood about your "new media" economic model, in the eyes of the a) the general public/audience and b) "old media" practitioners?
8. Additional comments?

Data Collection

Data collection included three individual interviews. The interviews were conducted during the end of February 2014. The interviews were conducted via telephone call conferencing, with additional email follow-up if needed.

Data Presentation

The data collected during the each interview was documented through written verbatim notes during the phone interviews and follow-up emails if necessary. Abridged versions can be

found in the appendixes.

Limitations and Delimitations

Limitations exist based on opinion-based, qualitative interviews. Limitations might include the generalizability of the study, as there was a small sample size with only three participants. Also, this study uses self-reported, long-distance data collection; while interviews were transcribed, they were not videotaped, and they were not in person. Furthermore, a longitudinal limitation exists in that this thesis was explored as an undergraduate senior capstone project; the project is given the duration of ten weeks for completion. Delimiting factors include the choice of objective, pointed research questions and other self-imposed choices along the way of my study, such as who was selected for the industry expert interviews.

Chapter 4: Data Analysis

Data Analysis

Chapter 4 will describe each of the experts interviewed in the study, summarize the respondents' answers to the questionnaire and then analyze the original research questions.

Descriptions of Participating Industry Experts

Ramona Saviss, managing editor, *Time Out LA*, was interviewed on Tuesday, February 25, 2014 as an industry expert for new media that utilizes digital-first advertising trends such as sponsored content. *Time Out* is a listings magazine that hails itself as the world's guide. It recently switched from being a paid-for title to a free title and has pushed its digital business accordingly. Naheed Mustafa, a freelance journalist based in Canada, was interviewed Wednesday, February 26, 2014 as the expert in crowd funding. Mustafa, an award-winning print and radio journalist, launched an Indiegogo campaign from February 12, 2013 to April 9, 2013 called "Support My Pakistan and Afghanistan Reporting Project." She raised \$15,036 of her \$15,000 goal. Her campaign-generated funds supported a 7-week reporting project that took her to Pakistan and Afghanistan, leading to magazine stories, radio documentary pieces and blogs about her experiences. Matt Klein, director of product management for Dwell Media, represents the ranked system. Klein was the global product lead for Yahoo Travel previously, and he is now driving Dwell's website push toward an integrated content and commerce model. Along with print sales, an exhibitor conference and an independent research division, Dwell's main economic profit for the website includes online advertising, an e-commerce store and Dwell Design Source, a ranked page with a membership subscription tied to it as the main ways it makes an economic profit. Dwell Design Source is a way for customers, brands and professionals to connect with each other to meet the audience's design needs, and it is a paid-for

subscription service.

New Media Questionnaire

1. What is your new media business model, and how does your new media business model generate an economic profit? Please give specific numbers if possible. Explain the outlet's procedures.

- This question was asked to gain further insight into the ways professionals would define their own business media models, their procedures and their prices. The question was designed to clarify what terminology the interviewee preferred to describe his or her platform and to garner new information regarding procedures in the digital age.
- Ramona Saviss (RS): Teaming up with companies, and then getting a portion of the sales or travel deals sold; advertising where the advertiser picks a feature for their ad to be placed alongside; hosting sponsored events; don't do pay-for-play. "When emails go out in the newsletter with ads in them or offers, that is independent of the editorial side. All reviews and stories never overlap with advertising. If we send out an email that is an advertisement, it is clearly stated as sponsored content." (Appendix A)
- Naheed Mustafa (NM): Use Indiegogo to crowd-fund and social media, primarily Twitter and Facebook, to publicize. Include perks, but only those "relevant to the trip." (Appendix B)
- Matt Klein (MK): Print sales; exhibitor conference called Dwell on Design; ad business; e-commerce store; Dwell Insights Group, independent research division of Dwell Media; Dwell Design Source. Design Source is "a way for our readers to actualize on those design aspirations, to fulfill and connect with the brands and professionals to take their product to fruition. Its potential is as an ecosystem that we're

creating where trade professionals can connect with brands, and brands can connect with professionals, customers can connect with the trade and brands.” (Appendix C)

2. What are the main ways your “new media” outlets differ from a traditional, “old media” model? Conversely, what aspects of traditional, “old media” does your media outlet maintain?

- Question 2 was designed to highlight how their outlet falls into the “new media” category and to also find key similarities and differences between “new” and “old” media models.
- RS: Faster-paced, more fresh content, use of social media, larger staff, many more options for advertising; future use of blog platform. “In new media, we’re able to respond through social media to something almost immediately. Our story cycles are weekly instead of three months out, we have a larger staff and, of course, more options for advertisers.” (Appendix A)
- NM: Pay your way through and sell your work is consistent with past, but less venues to sell work to because of digitalization of media. “Because they have to keep their site updated, everyone wants to push to web. Unfortunately, for a journalist, web pays around 10 percent of what print does. You get, say, \$1 per word for a print article but 10 cents a word for a web.” (Appendix B)
- MK: New media as an extension of old media; new way of presentation; increased benefits in new media for research and archiving. “In old media, an article was an article, and that was it. In new media, an article is spawning branches to engage the customer in other ways.” (Appendix C)

3. How do content and commerce relate within your new media business model?

- Question 3 was created to get a description of the relationship between content and

commerce within new media. This question, a slightly vague one, was also included to get the experts' insights into any intermingling between content and commerce not asked when targeting their specific model (i.e. if they use sponsored content and also affiliate advertising, such as *Time Out*). Several probes followed this question in some of the interviews that led to new discoveries about contemporary advertising models.

- RS: Affiliate links. "...It's important to realize that commerce doesn't form our features. Our features come first, and then the affiliate links come afterwards."
(Appendix A)
 - NM: Need to make sure it doesn't – that people's money doesn't influence your content. "It becomes an intimate connection with your supporters, but that intimacy can be a problem. You don't want to start to feel like these people are your friends or there is pressure to give them what they want." (Appendix B)
 - MK: Content leads into commerce. "People engage in content first, and then many times, complete that with commerce." (Appendix C)
4. What are the ethical considerations and implications of your "new media" economic model?
- This question was designed to follow the previous one regarding the relation of content and commerce. As the literature review discovered that the evolving relationship between content and commerce should be cause for concern and consideration for media practitioners, this question was asked to add to that body of knowledge. It was asked to find relevant concerns of experts and professionals in these respective fields with real-life experience.
 - RS: Pay-for-play as biggest issue facing industry. "Pay-for-play is writing something

because we know it will make advertisers happier. That's, in my opinion, the No. 1 issue in new media. I think we also see a lot of bloggers who aren't as legitimate that are blurring that strict ethical line." (Appendix A)

- NM: Work must still go through vigorous vetting and editing process; issues if strings are attached to money. "For instance, I got all of my funding exclusively from individuals, so there were no strings attached to the money, but there are some very dangerous ethical implications to consider if there are corporate funders." (Appendix B)
- MK: Readers must not feel taken advantage of; can't lose credibility; ensure a way for customers' to give feedback. "People subscribe to this service, so that in and of itself is our first sort of accountability point [...] On the customer side, we need to ensure that connections are made easily, to make sure its in place, and that if they have any concerns through their engagement, that there's a way to voice their feedback." (Appendix C)

5. What is particularly innovative about your implementation of this "new media" economic model?

- Question 5 was asked to gain insights into the practical applications of these popular media models and to discover any ways they have been adapted to fit real-world demands. It was included to reveal any innovations in the models that would be considered novel, evolved or never-before documented. Probes attempted to reveal any additional changes or modifications to the new media tactics professionals are using today versus in the past.
- RS: Content is innovative; use of three realms, particularly tie-in with phone app. Need for strong brand in new media. "That will give three realms to engage our

audiences – a feature on the website, a sponsored event and the app. It makes audiences interested and familiar with *Time Out* as a brand.” (Appendix A)

- NM: Using crowd funding for journalism is really only around five-years-old; “sad” innovation. “I liken it to a kind of analogy, like if there’s a broken road down the street, and municipality won’t pay to fix it. But, you gather up the neighborhood, and everyone chips in to fix that road. Is it a good thing or a bad thing? There’s a sort of empathy and community feel that emerge, which is positive, but fundamentally, private money is filling a gap it probably shouldn’t have to fill.” (Appendix B)
- MK: Economic model is about helping consumers actualize; will become embedded into all Dwell channels in the future. “We’ve inspired them, and now it’s time to empower them. Moving forward, Design Source will be embedded into all of our experiences – we’re going to create this fabric that is kind of woven through the Dwell experience that really pulls content and commerce together so that customers can flow from one to the other as it suits their needs.” (Appendix C)

6. What advice would you give another media practitioner looking to implement a similar model?

- This question was included to get a brief tidbit of advice from each respondent regarding the best ways to approach the implementation of new media models.
- RS: Act with integrity, ensure credibility, and “get your facts right.” (Appendix A)
- NM: Be concerned about transparency; be realistic and strategic; consider the broader implications, conversations and responsibilities of a journalist. “With crowd funding, there is a sense of obligation, of communal ownership, that made me uncomfortable. You want to please people, you don’t want to disappoint them, or have

them figuratively ask for their money back, but you need to ensure that you're desire to please people doesn't skew your editorial vision." (Appendix B)

- MK: Develop content that is "distinctly yours," "own-able" and "defensible."
(Appendix C)

7. What do you think is most misunderstood about your "new media" economic model, in the eyes of the a) the general public/audience and b) "old media" practitioners?

- The goal of Question 7 was to highlight and reset misconceptions regarding new media. Collecting data on the misconceptions associated with "new" media through these qualitative interviews was necessary due to its newness. Because the new media landscape is consistently changing and new media evolves at such a quick rate, misunderstandings are sure to arise.
- RS: All new media is not the same; digital-first media still can experience production delays to check facts; blogs are very different than digital-first publications. "*Time Out*, on the other hand, is a global brand, and we have a consistent voice we must uphold."
(Appendix A)
- NM: Skepticism from old media; misunderstanding regarding how much things cost; misconceptions about seriousness of new media practitioners. (Appendix B)
- MK: About awareness for consumer; confusion about how to move from content to commerce from old media. "In terms of old media, their view into this is, 'how are they going to move beyond content into commerce?' Media many times get stuck in their ways and see this as a leap of fate. The technology is here to support these mediums at this point; the barriers to entry are lower. The e-commerce experience can be layered onto content." (Appendix C)

8. Additional comments?

- This final probe allowed the respondent to add in anything relevant to the study. At the end of the study, the respondent could see what sort of information the questionnaire was focused on, and then the respondent could add any relevant information that the respondent had yet to touch upon.
- RS: Very important to stress that sponsored content is clearly stated as sponsored content. (Appendix A)
- NM: Need for conversation regarding implications of new media forms and what journalists, the media and public should demand from each other; crowd funding is not a trend. “Crowd funding – people are still treating it as a trend, but I really think it’s here to stay. People are relying more and more on public funds, and I am even starting to see people fund individual journalists to keep producing good work.” (Appendix B)
- MK: Another form of revenue/diversification is the Dwell Insights Group (DIG), which is an independent research division of Dwell Media LLC. (Appendix C)

New Media Research Questions and Findings

For this project, the following seven research questions were used to determine what current practices and strategies are being used among new media practitioners. They were utilized to review the current academic body of literature on the evolution of new media economic models.

1. How did new media models emerge?

- Financial pressures, decreased audiences and rapid digitalization led to the decline of traditional media. New media models emerge with — or, perhaps, because — the world

is at a turning point of rapidly evolving technology. Media is becoming increasingly interactive, immersive and digital.

- Journalist David Phelps attributes the traditional media troubles to a “perfect storm of outdated business models that were slow to adapt to the Internet, a fragmented audience that is less receptive to mass advertising and a faltering economy that is undermining or even wiping out advertisers such as auto dealers, real estate firms and giant retailers.”

2. What are the characteristics of new media?

- According to Neuman, new media content will “blur the distinction between interpersonal and mass communication and between public and private communication” (Neuman cited in Croteau and Hoynes, 2003, p. 322).
- Neuman argues that new media:
 - Will alter the meaning of geographic distance.
 - Allow for a huge increase in the volume of communication.
 - Provide the possibility of increasing the speed of communication.
 - Provide opportunities for interactive communication.
 - Allow forms of communication that were previously separate to overlap and interconnect.
- Most new media outlets incorporate some of the key same elements, such as an emphasis on social media, user-to-user interactivity and user-to-information interactivity (Festoon Media, 2010).
- Nicheization might be the most important element of new media, as finding specific clientele for advertisers to connect with is key (Vukanovic, 2011). Other important

characteristics of new media and online publishing also include hypertextuality and multimediality (Deuze, 2005, p. 203).

3. What does the new media market look like now?

- Divergent models, chaotic marketplace.
- New media is the “media of the masses,” changing continuously as it is consistently “modified and redefined by the interaction between the creative use of the masses, emerging technology, cultural changes, etc.” (Festoon Media, 2010).

4. What do industry experts believe the new media market will look like in the near future?

- Media executives must strategically accept, adopt and innovate new consumer and advertising strategies to make money to support new media platforms, and these broadly include new payment forms, advertising models and innovative distribution forms (Vukanovic, 2011).

5. What are the main strengths and concerns associated with sponsored content?

- Strengths: Paid syndication, for instance, starts as little at \$5,000 for a single post, and co-creation, for instance, typically runs from \$100,000 to millions of dollars (Edelman, 2013). Accordingly, sponsored content is one of the fastest-growing ad segment with 22 percent growth in 2013, according to eMarketer as cited by Launder. That is more than double the growth rate for traditional banner advertisements (Launder, 2013).
- Concerns: Often, “these ads do closely resemble the adjacent journalistic content. Additionally, they are often slotted in the news section - once-sacred ground [...] That said, there are major ethical hurdles to address too if sponsored content is to provide any value for the news media, marketers and, above all, the public” (Edelman, 2013).

6. What are the main strengths and concerns associated with crowd-funded or nonprofit content?

- Strengths: The spread of crowd-funded journalism shows consumers are interested in playing an increasingly active role in media production, not just consumption.
- Concerns: Consumers might be more likely to donate to stories that provide them with practical guidance for daily life, such as stories about public health concerns, “as opposed to stories from which they gain a general awareness of the world (e.g., cultural diversity, or government and politics)” (Jian, 2014, p. 155). This brings up a concern that, if crowd-sourced news spreads, some topics will disappear to the background. An explosion of crowd-sourced projects might deter the business model’s sustainability (McCarthy, 2012).

7. What are the main strengths and concerns associated with ranked content?

- Strengths: Thus far, searchable databases of paid-for, classified ads have proven financially viable for media outlets, even “very lucrative” (Scott, 2008, p. 106). “Firms adopting this model have the opportunity to reach an advertiser-coveted audience. In addition, such sites may provide meaningful exposure that would otherwise be lost in the unstructured clutter that currently typifies the Web” (Chatterjee, 2006).
- Concerns: Least explored method of generating money in digital media. When incorporating a searchable database of ads into a website, the website’s neutrality and credibility might be called into question.

The research technique utilized throughout this examination of new media and the exploration of the aforementioned questions was the content analysis method. The sections “background of problem” and “emergence of new media” address research Question 1. The sections “emergence of new media” and “new media business model elements” discuss Question 2. In terms of Question 3, some new media business models are looked at thoroughly throughout

chapter 2, literature review. Experts' hypotheses were discussed in relation to Question 4, what industry experts believe the new media market will look like in the near future, throughout chapter 2, literature review; the hope is that chapter 3, data collection, also helps add to the existing body of knowledge. The subsections "sponsored content," "crowd-funded/nonprofit" and "ranked" within the section "collision of content and commerce: concerns for a new media landscape" look into Questions 5 through 7, respectively.

Comparison of Literature and Qualitative Data

For this study, it was important to see what real-life industry experts said due to the relatively small amount of pertinent information that currently exists in the academic world on the topic of new media models. The following tables and explanations present the respondents' answers to selected questions from the qualitative questionnaire; their individual perspectives are then related to the original research questions.

Table 1

Evolution of Media

Respondent	How does your “new media” outlet differ from “old media?”	What aspects of “old media” does it maintain?
Ramona Saviss	Faster-paced; able to adapt and respond to audience quicker; more ways for advertisers to push targeted message.	Maintains professionalism and emphasis on accuracy.
Naheed Mustafa	Fewer venues for publication so must turn to non-traditional means of fund-raising.	Pay your way through and sell your work after remains consistent.
Matt Klein	Increased ability to archive, research; new forms that are more interactive.	Print medium maintains pedigree, legacy, branding.

The above table links Research Question 2, “What are the characteristics of new media?” with anecdotal experience from industry experts’ new media models.

This research question was studied in response to the current literature that exists on the topic of new media generally. Many different mediums for digitalized content exist, leading to a market that appears “extremely varied, even chaotic at times” (Berman, 2007). Still, most of these varied business and media models utilize some of the same key elements, namely social

media integration, emphasis on the user and consistent change with emerging technology.

“How does your new media differ from ‘old media?’” was asked to the experts to gain insight into the way professionals would describe the changes and evolutions of their media platform or media economic model. It is apparent from the literature review that there is not widespread public knowledge of what new media includes, entails or incorporates. This question helps differentiate new versus old media. Table 1 summarizes the respondents’ answers. The question elicited fairly different answers, which was expected as each of the three experts operate using a different sort of new media outlet and/or economic platform.

However, all three experts did agree that their media outlet or economic means did not fall into the category or ways of “old media,” and all three highlighted areas that showcased key components of new media as defined by Neuman (Neuman cited in Croteau and Hoynes, 2003, p. 322). For example, Saviss included social media integration and two-way communication between the audience and the media as part of her description of new media elements. She calls her new media outlet “much faster-paced” than old media. “In new media, we’re able to respond through social media to something almost immediately,” Saviss said, and this relates exactly to Neuman’s theory that new media will “provide the possibility for increasing the speed of communication” and “alter the meaning of geographic distance” (Neuman, 2003).

Klein suggested that interactivity is the biggest strength in digitalized platforms; this response aligns with the literature that says an emphasis on user-to-user and user-to-information interactivity is one of the biggest draws of new media (Festoon Media, 2010). He also mentions a benefit to new media: new media has multiple channels and allows for the layering of stories and commerce. This directly relates to Neuman’s theory on new media that says new media will allow “forms of communication that were previously separate to overlap and interconnect.”

Table 2

Misunderstandings about New Media

Respondent	What is most misunderstood by general audience?	By old media?
Ramona Saviss	General audience assumes all new media is the same	Old media assumes digital-first media and blogs adhere to the same ethical standards; don't realize that digital-first media can still experience production delays to ensure accuracy
Naheed Mustafa	General audience doesn't recognize how expensive it is to do this type of work; misconception that those who are using crowd-funding aren't serious, professional journalists	Skepticism; misunderstanding about how much money it takes to produce a story; assumption that "old school," work-your-way-up model still exists in newsroom – "If they're stuck in the old model, they'll die out."
Matt Klein	Not misunderstanding so much as lack of awareness	See this as leap of fate, don't recognize that the technology exists to support an e-commerce experience

The above table links Research Question 3, “What does the new media market look like now?” with anecdotal experience regarding misunderstandings between old media and new media practitioners and the audience and its media providers.

Since the literature suggests that the contemporary new media market is chaotic and consistently modified and redefined, it is a logical extrapolation that outsiders – those in old media or those receiving innovative new media – might have misunderstandings about the quick transition. This question was asked to discover misunderstandings, reveal accuracies and connect them with any falsehoods or facts in the academic data.

Mustafa, for example, touched upon a few very strong misconceptions within the media world. Most audiences and media practitioners, unless they are at a high level and oversee budgets or are investigative journalists themselves, do not realize the sort of funding required to complete larger projects. She also noticed skepticism in colleagues regarding new forms of funding for journalism. Her personal experiences match up with the research, which shows that many academics remain speculative about the future of crowd sourcing and think it might not be a sustainable model (McCarthy, 2012).

Klein too touched upon a key point when he said that the biggest misconception for the ranked e-commerce sort of model is a lack of awareness. In fact, the least amount of academic research has been devoted to searchable databases embedded in journalistic mediums.

Table 3

Ethical Considerations of New Media

Respondent	Example(s) of ethical considerations/implications of new media model
Ramona Saviss	Pay-for-play; bloggers without formal training blurring ethical lines; unclear distinction between editorial and advertorial content
Naheed Mustafa	Strings attached to crowd-sourced funding such as corporations; advocacy journalism without transparency in the process; sense of obligation or communal ownership to crowd-funded production
Matt Klein	Straying from foundations and conversation in favor of presentation; layer tools and e-commerce on content first; accountability to customers first

Table 3 corresponds to Research Questions 5 through 7, which look into the concerns associated with major new media platforms. Most of the questionnaire responses fell neatly into the literature. For instance, Saviss highlighted the need for sponsored content to remain separate from editorial content and the need for high-quality, incredibly accurate reporting. Appropriately, clear disclosure of sponsored content, public partnerships and high quality content creation are key to this new media economic model's success, according to industry experts (Edelman, 2013).

Mustafa highlighted a few key concerns that have been previously documented – namely, bias because of who donates and advocacy journalism without transparency. One ethical implication she mentioned that was less considered in academia was the pressure of communal creation, the conception of friendship because of digitalization and communication changes (such as emails exchanged, comments on blogs, etc.) and the lingering sense of obligation a journalist might feel to the donors: “Do you want people to feel a sense of ownership with what

you're doing? With crowd funding, there is a sense of obligation, of communal ownership, that made me uncomfortable. You want to please people, you don't want to disappoint them, or have them figuratively ask for their money back, but you need to ensure that you're desire to please people doesn't skew your editorial vision. There are definitely broader implications that go along with crowd funding and the responsibility you have to your donors."

Chapter 5: Discussion and Recommendations

Discussion and Recommendations

This study was performed to investigate new media real-world applications. As of late, “new media” has become a buzzword in newsrooms, magazines and journalism classes, but academic and qualitative research regarding its economics and its ethics is slim. Accordingly, it was essential to collect data from industry experts across the landscape of new media to be able to accurately portray its progress and its effects.

To gain deeper knowledge as to the current strategies being used by professionals in new media, experts were each asked to respond to a single questionnaire designed to answer the following research questions for the study:

1. How did new media models emerge?
2. What are the characteristics of new media?
3. What does the new media market look like now?
4. What do industry experts believe the new media market will look like in the near future?
5. What are the main strengths and concerns associated with sponsored content?
6. What are the main strengths and concerns associated with crowd-funded or nonprofit content?
7. What are the main strengths and concerns associated with ranked content?

The research questions were to create applicable questionnaire questions for interviews with each respondent. These questions are as follows:

1. How does your new media business model generate an economic profit? Please give specific numbers if possible. Explain the outlet’s procedures.

2. What are the main ways your “new media” outlet differs from a traditional, “old media” model? Conversely, what aspects of traditional, “old media” does your media outlet maintain?
3. How do content and commerce relate within your new media business model?
4. What are the ethical considerations and implications of your “new media” economic model?
5. What is particularly innovative about your implementation of this “new media” economic model?
6. What advice would you give another media practitioner looking to implement a similar model?
7. What do you think is most misunderstood about your “new media” economic model, in the eyes of the a) the general public/audience and b) “old media” practitioners?
8. Additional comments?

Discussion

By analyzing the relationships between the anecdotal and literature-based data in Chapter 4, connections made between experts’ responses provided during the interview process and the existing literature can elucidate the following conclusions regarding the original research questions:

Question 1: How did new media models emerge?

This question was heavily explored in the literature review, as it is really a discussion of the concurrent evolution of technology with the spiraling of the economy. Financial strain coupled with digitalization led to a wealth of new possibilities and the need to use them. New media models emerged looking to create a content model that entices the creation of a

community and an economic platform ready to sustain it.

This topic was most deeply touched upon by Mustafa, who explained that necessity is really the reason crowd funding took off for journalists. The model isn't much different than how freelance journalists have always functioned. They typically pay their own way, and then they are paid for their work, she said. Freelancers are used to fronting the cost, but because of cutbacks and closures in the media world, there are fewer and fewer platforms willing or able to pay the same price as before for content. However, it takes the same amount of money – if not more – to create these products, she explained. In fact, 60 to 70 percent of Mustafa's regular freelance venues disappeared, she said. As the media "massively expands" their "push toward web content," journalists are getting paid less for their work, around 10 percent of what print pays, she reported from personal experience. Accordingly, Mustafa said, crowd funding emerged as a way to produce the same level of content despite a faltering economy and a digital-first, digital-cheaper approach. As new media models emerge, there are further discussions that must take place, she said: "The space [for quality journalism] is shrinking, and that can often make writers feel desperate. What is journalism going to mean down the line? Journalism is changing, and that is a conversation that needs to be had, particularly with niche publications emerging. Do we want to be exposed to outlets for niche purposes? Do we want to see private ventures funding work that fulfills a certain political vision? Are we getting rid of the generalist?"

Still, Mustafa sees crowd funding as more than just a trend, despite academia's suggestion that crowd funding fatigue is soon to set in. "People are relying more and more on public funds, and I am even starting to see people fund individual journalists to keep producing good work," she said. "I think it's time for a bigger conversation regarding the implications of new media forms and what media, journalists and the public should demand from each other."

Question 2: What are the characteristics of new media?

The literature suggests similar characteristics across new media platforms such as: an emphasis on social interaction, an increase in the volume and speed of communication, nicheization, hypertextuality, multimediality and, broadly, consistently changing forms of interaction, both user-to-user and user-to-information.

To reveal the differentiation between old and new media, respondents were asked which aspects of new media their outlets and/or platforms demonstrated and what aspects of old media they maintained. This question yielded very interesting results, as all three respondents treated new media as an evolution of old media, not a separate entity, yet they also noted vast differences.

A detailed analysis of Saviss's answer seems most fitting, as her response touched upon all of Neuman's theoretical suggestions regarding the basis of new media outlets. On point with Neuman's suggestion that new media will increase the speed and volume of communication, Saviss says that her outlet is much "faster-paced" and features "fresh content" more often. Through social media, Saviss says, the timeline for response is "almost immediately," proving Neuman's theory that new media allows for faster and more interactive communication despite geographical distance. Finally, when discussing the relation of content and commerce, Saviss brought up the role of affiliate links as an addition to content, thereby allowing something that was previously separate – content and commerce – to overlap and interconnect.

Question 3: What does the new media market look like now?

The literature suggests that the market is in flux.

"... We expect different companies to pursue divergent models and unique combinations that leverage their historical strengths and assets – and as a result, the market overall will look

extremely varied, even chaotic at times” (Berman, 2007, p. 23).

The respondents seem to agree that this is a growing period for new media. Klein, for example, said there is a lack of awareness on behalf of audiences and old media members as to what exists and what is possible.

“Divergent models and unique combinations” are precisely what is occurring at Dwell, according to Klein. They are leveraging “their historical strengths and assets,” namely the brand and the pedigree developed on the print side, to explore new models and unique combinations in an effort to complete the circle of customer experience: “We’re bringing the print magazine content online in various different ways, like digital subscriptions for a tablet experience, an extension and retention of the content, and more so, as we go online, we’re finding the ability to do other things with it is, and that’s interesting. Our ability to overlay different lines of business, including our e-commerce model, is very new. It allows you to take the root of your intellectual property and bring it online in different ways to empower your customer in different ways.” Dwell, and most other new media forms, are still experimenting and discovering new ways to realize the audience experience.

Question 4: What do industry experts believe the new media market will look like in the near future?

The respondents were probed to give advice to those entering the new media market in the near future with the outcome of that question illuminating what they believe the new media market will look like and their advice for the best way to approach the implementation of new media models in the near future. Most literature, on the other hand, could not see beyond a shaky future for new media.

Saviss and Mustafa believe that transparency and credibility will be key in maintaining a

spot in the new media market. Klein also added that developing a “defensible” product was key, pointing toward a hypothesis that that competition might be fierce, and content will not lose its importance.

Question 5: What are the main strengths and concerns associated with sponsored content?

A strength discussed in the literature was that sponsored content is considered the strongest options for monetization with one of the fastest growth rates (Lauder, 2013), particularly because there are so many options for content to be sponsored. Saviss agreed with this, noting that a brand with many facets like *Time Out* offer “more options for advertisers.”

The main noted concern associated with sponsored content is that it benefits the advertiser more than the media outlet, and it might lead to “blurred lines” and misled audiences (Lauder, 2013).

Saviss, the expert on sponsored content, helped elucidate a key misconception: the differentiation between sponsored content, which is clearly marked as advertorial, and pay-for-play, which is advertorial content disguised as editorial. “Pay-for-play is writing something because we know it will make advertisers happier,” she said. “That’s, in my opinion, the No. 1 issue in new media.”

At *Time Out*, the marketing team, not the editorial team, writes sponsored advertisements, and those do not appear as features.

“When emails go out in the newsletter with ads in them or offers, that is independent of the editorial side,” Saviss explained. “All reviews and stories never overlap with advertising. If we send out an email that is an advertisement, it is clearly stated as sponsored content. We don’t write to appease advertisers, and we don’t change reviews based on if they’ve given us an ad or not.”

Question 6: What are the main strengths and concerns associated with crowd-funded or nonprofit content?

Research suggests that the biggest concern with nonprofit content is that nonprofit news outlets might find themselves assigned to “chase after the idiosyncratic whims of funders” (Shafer, 2009), or news consumers might donate to stories that provide them with practical guidance for daily life, leading some news to fall into the background.

Mustafa concurred regarding the concern about bias infiltrating work, particularly if corporations or nontransparent organizations were funders. “[...] There are some very dangerous ethical implications to consider if there are corporate funders,” she said.

However, her opinion differed in some ways on crowd-funded content. The general academic consensus is that it decreases the variety of news. Mustafa, on the other hand, seemed to stress the importance of crowd funded work as a way to generate varied, strong and necessary journalistic pieces, particularly ones about foreign affairs that take a larger budget. Still, she recognized that crowd-funded journalism is also part of a larger movement toward more specialized, niche journalism. “Journalism is changing, and that is a conversation that needs to be had, particularly with niche publications emerging,” she said. “Do we want to be exposed to outlets for niche purposes? Do we want to see private ventures funding work that fulfills a certain political vision? Are we getting rid of the generalist?”

Question 7: What are the main strengths and concerns associated with ranked content?

Searchable databases of paid-for, classified listings have proven financially viable for media outlets, even “very lucrative” (Scott, 2005, p. 106), but when incorporating a searchable database of ads into a website, or any sort of e-commerce layering, the website’s neutrality and credibility might be called into question.

Klein gave suggestions as to maintaining the media entity's pedigree and credibility, such as making sure content remains the first priority, ensuring high-level listings and "not just opening the gates" by having a subscription model. He also emphasized insuring that customers have a way to voice concerns with the process. Mostly, he focused on the positives of a model that layers an interactive database and e-commerce experience on top of its content, saying it helps consumers "actualize," close "the loop" and meets "customer needs."

Recommendations for Practice

After completion of this study, data has been collected and analyzed on the topics of new media outlets, funding platforms and their ethical and economic implications. Given the breadth of information, it is helpful to synthesize the most important, fresh content and present it for future practitioners and researchers in the new media world. Some key recommendations for practice include: give advertisers legs; content is king; be transparent; and consider the implications.

Give advertisers legs. One of the most ingenious features of the new media world is that new media has so many options just within one outlet to create opportunities for economic sustainability. For example, analyzing Klein's interview, he mentions more than a handful of ways Dwell brings in revenue: as the host of an exhibitor conference called Dwell on Design, "a physical manifestation" of the brand, the basic print and web advertising business, an e-commerce store, an independent research division and their ranked subscription platform Dwell Design Source. Dwell's methodology is in accordance with the literature that suggests diversification is key to helping advertisers "harness" new media and "meet people with the right message at the right time through the right media" (Adam Brown as quoted in Festoon Media, 2010).

Content is king. Despite the many new overlaps between commerce and content in new media, content remains king. Academic research suggests that if the content remains top-notch, even if it sponsored or layered with commercial opportunities, audiences will read or interact with it. Accordingly, Saviss said that “it’s important to realize that commerce doesn’t form” *Time Out*; content does. Her utmost advice for practitioners in new media is to maintain high level fact-checking and ensure accuracy; quite simply, “get your facts right, or you’ll lose all credibility.” Klein agreed, explaining that content - not commerce - is still the main driver of audiences to Dwell’s online presence. Though there are many extensions, from Design Source to e-commerce, all additional information stems from the editorial content and “takes the context of the article and builds upon it,” he said. Unique, solid content is the foundation for a successful new media platform; from there, an article should begin “spawning branches to engage the customer in other ways,” he suggested. Content should be what new media “lead with,” Klein said. Klein’s other advice to other media practitioners relates to the content. Develop content that is “distinctly yours and own-able,” he said. In a fiercely competitive new media market, “defensible,” unique content will win, he suggests.

Be transparent. Transparency was an overarching theme throughout research on new media, perhaps because one of the principal faults of contemporary media is the lack of transparency. New media norms, such as social media integration, allow sponsored content to be “camouflaged” easily (Edelman, 2013), leading to blurred lines between editorial and advertorial content. Avoiding confusion is necessary to ensuring the maintained credibility of a new media platform, Saviss explained. However, one of the biggest hurdles is the accessibility of the digital age. Many new media practitioners are merely citizen journalists who are blogging or creating media platforms without rooted knowledge of journalism ethics and without considering the

implications of their actions. “I think we also see a lot of bloggers who aren’t as legitimate that are blurring that strict ethical line,” Saviss concurred with the research. It is important to note her hypothesis that more substantial new media platforms, ones that separate content from advertisements, will rise to the top because they will garner audiences’ trust. “Above all else, new media because it’s so new,” she said, requires “integrity.” Mustafa agreed with this sentiment wholeheartedly. “If you are, for example, crowd-funding to write something that is going to go on your own blog,” Mustafa said, “you’re entering treacherous waters. It needs to go through some sort of a rigorous editing process, fact-checking.” The need for transparency is dire in the crowd-funding realm as well, Mustafa added. It is imperative to ensure that there are no strings attached or corporations tied to donated money and that consumers of news “understand and see financial ties” if they exist, such as in the case of many advocacy journalists.

Consider the implications. As content and commerce reach a crossroads, it is important to consider the implications of every decision that might lead to compromised ethics and/or the layering of editorial and advertorial content. For example, the relationship between crowd and journalist in a crowd-funding model must be considered. With the spread of communication between journalist and audience growing through social media, namely Facebook and Twitter, and the encouragement by crowd funding sites for journalists to give “perks” that further link the journalist and audience, a more connected relationship is likely to emerge between donors and the journalist: “It becomes an intimate connection with your supporters, but that intimacy can be a problem. You don’t want to start to feel like these people are your friends or there is pressure to give them what they want.” Along with the implications of new media business models, a discussion should be had about the implications of new media in the long run, all three sources said. For instance, what are the implications in terms of the movement toward crowd-funding

journalism? “If they’re willing to purchase your work, but not fund it, what does that say?” asked Mustafa about larger media organizations. “I liken it to a kind of analogy, like if there’s a broken road down the street, and municipality won’t pay to fix it. But, you gather up the neighborhood, and everyone chips in to fix that road. Is it a good thing or a bad thing? There’s a sort of empathy and community feel that emerge, which is positive, but fundamentally, private money is filling a gap it probably shouldn’t have to fill. If the media is not able or willing to invest money into innovative, interesting work, there is a problem there.” She continued later on in the interview, “I think it’s time for a bigger conversation regarding the implications of new media forms and what media, journalists and the public should demand from each other. There’s a lot of potential for abuse, but there’s also the potential for really great stuff to happen.”

Study Conclusion

In conclusion, this study presented the collective opinions of several industry experts across multiple new media platforms and a review of literature on the topic. Still, new media, much like its name, is new. Therefore, the study and overall recommendations for new media are constantly changing as it evolves. The study does still serve as an educational tool for media professionals who are interested in the progression and trends of new media economic models, their implications and their ethics.

References

- Aitamurto, T. (2011). The impact of crowdfunding on journalism. *Journalism practices*, 5(4), p. 429 – 445.
- Barnett, S. (1978). Local Monopoly in the Newspaper Industry: Some Skepticism About its Economic Inevitability and Governmental Embrace. <http://eric.ed.gov/?id=ED178925>
- Becker-Olsen, K. (2013). And Now, A Word from Our Sponsor -A Look at the Effects of Sponsored Content and Banner Advertising. *Journal of Advertising*, 32(2), 17 – 32.
- Berman, S. (2004). Media and entertainment 2010 scenario: The open media company of the future. *Strategy & Leadership*, 32(4), 34-44.
- Berman, S. , Abraham, S. , Battino, B. , Shipnuck, L. , & Neus, A. (2007). New business models for the new media world. *Strategy & Leadership*, 35(4), 23-30.
- Berman, S. , Battino, B. , & Feldman, K. (2011). New business models for emerging media and entertainment revenue opportunities. *Strategy & Leadership*, 39(3), 44.
- Boczkowski, P.J, Peer, L. (2011). The choice gap: the divergent online news preferences of journalists and consumers. *Journal of Communications*. 61(5), p. 857 – 876.
- Brown, R. (2011). "new" holistic mass media business model. *Journal of Broadcasting & Electronic Media*, 55(4), 490-509.
- Chatterjee, P., Hoffman, D., Novak, T. (1995). Commercial Scenarios for the Web: Opportunities and Challenges. *Journal of Computer-Mediated Communication*.
- Cooper, K. , Pyrillis, R. , Rosario, R. , Stuart, R. , & Zinngrabe, E. (2007). Media matters. *Diverse: Issues in Higher Education*, 24(12), 8-11.
- Croteau, D, Hoynes, W. (2003). Media/Society: Industries, Images, and Audiences.

- Deuze, M. (2003). The Web and its Journalisms: Considering the Consequences of Different Types of Newsmedia Online. *New Media & Society* 5(2): 203–30.
- Doctor, K. (2010). *Newsonomics: Twelve new trends that will shape the news you get*.
- Edelman Insights. (2013). Edelman Sponsored Content Report.
<http://www.edelman.com/insights/intellectual-property/sponsored-content-report/>
- Fan, M., Kumar, S., & Whinston, A., Selling or Advertising: Strategies for Providing Digital Media Online. *Journal of Management Information Systems*. 24(3), p. 143 – 166.
Retrieved from: <http://www.jstor.org/stable/40398899>.
- Fritz, M. (2007). Newspapers in multimedia metamorphosis. *Streaming Media Magazine*, 58-65, 76 - 81.
- Gaffney, J. (2005). Customer data is the holy grail for online newspapers. *Revolution*, 11.
- Greer, J. Advertising on traditional media sites: Can the traditional business model be translated to the Web? *The Social Science Journal*. 41(1): 107 – 113. Retrieved from:
<http://www.sciencedirect.com.ezproxy.lib.calpoly.edu/science/article/pii/S0362331903001009>.
- England, E., Finney, A. (2011). Interactive Media – What’s That? Who’s Involved? *ATSF White Paper—Interactive Media UK*.
- Festoon Media (2010). New Media Branding: A Comprehensive Study.
http://festoonmedia.com/whitepapers/images/New_Media_Branding.pdf
- Haugh, G. (2012). Brave News World: making the media pay (again). *Crikey*. Retrieved from
<http://www.crikey.com.au/2012/10/01/brave-news-world-making-the-media-pay-again/>.
- Hoffman, D., Novak, T., Chatterjee, P. (2006). Commercial Scenarios for the Web: Opportunities and Challenges. *Journal of Computer-Mediated Communication*. 1(3)

- Hunter, M., Wassenhove, L. (2010). Disruptive News Technologies: Stakeholder Media and the Future of Watchdog Journalism Business Models. *Souss Online*.
<http://www.slideshare.net/SoussOnline/watchdo-journalism-2010>
- Jackson, S. (2010). New media: Debunking the myths. *Journal of Business Strategy*, 31(1), 56-58.
- Jensen, R. (2008). Advocacy Journalism. *The International Encyclopedia of Communication*.
- Jian, L., Usher, N. (2013). Crowd-Funded Journalism: The Case of Spot.Us. *The Journal of Computer Mediated Communications*. http://www.academia.edu/2537291/Crowd-Funded_Journalism_The_Case_of_Spot.Us
- Kador, J. (1998). Five modes of making money on the web. *Enterprise Systems Journal*, 13(10), 64-65.
- Konieczna, M. (2014). Do old norms have a place in new media?. *Journalism Practice*, 8(1), 49-64.
- Kapadia, R. (2001). Downturn ups angst in internet ad business ; media firms searching for an online business model that works in a slowing economy. *Toronto Star*.
- Launder, W. (2013). Media: Marketers seek online edge with 'sponsored content'. *Wall Street Journal*.
- Launder, W. (2013). When ads look like content; ftc examines issues around 'sponsored content'. *Wall Street Journal*.
- Lian, J., Usher, N. (2013). Crowd-Funded Journalism. *Journal of Computer-Mediated Communication*. 19(2), 155-170.
- Macnamara, J. (2010). Remodelling media: The urgent search for new media business models. *Media International Australia, Incorporating Culture & Policy*, 20-35.

- McCarthy, M. (2012). Can You Still Spot.us? Crowdfunding Pioneer Slumps Under APM. *Media Shift*. <http://www.pbs.org/mediashift/2012/12/can-you-still-spot-us-crowdfunding-pioneer-slumps-under-apm354>
- McCoy, S., Everard, A., Polak, P., & Galleta, D. The effects of online advertising. *Communications of the ACM*. Retrieved from: <http://dl.acm.org.ezproxy.lib.calpoly.edu/citation.cfm?doid=1226736.1226740/>.
- McPhillips, S. , & Merlo, O. (2008). Media convergence and the evolving media business model: An overview and strategic opportunities. *The Marketing Review*, 8(3), 237-253.
- Ming F., et al (2008). Selling or Advertising: Strategies for Providing Digital Media Online. *Journal of Management Information Systems*, 24(3), 143 – 166.
- Morris, R. (2009). Hold the front page: Newspapers are not dead. *AQ - Australian Quarterly*, 81(2), 26-28.
- Nilssen, T. , & Kind, H. (2009). Business models for media firms: Does competition matter for how they raise revenue?. *Marketing Science*, 28(6), 1112-1128.
- Perez-Pena, R. (2009). U.S. Newspaper Circulation Falls 10%. *The New York Times*.
- Perry, S. (2007). Nonprofit Newshounds. *The Chronicle of Philanthropy*.
- Pew Project for Excellence in Journalism (2010, 2011). *The State of the News Media: an Annual Report on American Journalism*. <http://stateofthemedias.org/>
- Pfanner, E. (2009). European Newspapers and Creative Ways to Thrive in the Internet Age. *The New York Times*.
- Phelps, D. (2009). Media struggle to reinvent business models to survive. *McClatchy - Tribune Business News*.

- Prive, T. (2012). What Is Crowdfunding And How Does It Benefit The Economy. *Forbes Magazine*. <http://www.forbes.com/sites/tanyaprive/2012/11/27/what-is-crowdfunding-and-how-does-it-benefit-the-economy/>
- Rückriem, G., Ang-Stein, C., Werner Erdmann, J. (2011). Understanding Media Revolution: How Digitalization is to be Considered.
- Schudson, M. (2002). The business of media: Corporate media and the public interest. *Information Society*, 18(4), 307-308.
- Scott, B. (2008). A Contemporary History of Digital Journalism. *Television New Media*. 6(89).
<http://citeseerx.ist.psu.edu/viewdoc/download?rep=rep1&type=pdf&doi=10.1.1.124.2024>
- Shafer, J. (2009). Nonprofit journalism comes at a cost. *Slate*.
http://www.slate.com/articles/news_and_politics/press_box/2009/09/nonprofit_journalism_comes_at_a_cost.html
- Skoler, M. (2011). Community: A new business model for news. *Nieman Reports*, 65(2), 5.
- Soloviev, V., Kurochkin, P., Rendiuk, A., & Zazuk, A. (2010). Innovative business models in the media industry. *Annales Universitatis Apulensis: Series Oeconomica*, 12(2), 692-697.
- Sonderman, J., Tran, M., (2013). Definition of Sponsored Content. *American Press Institute*.
- Taylor, W. (1998). Permission Marketing. *Fast Company Magazine*.
- Volkswagen. (2014). 12 Stages of Your Relationship with Your Car. *Buzzfeed*.
<http://www.buzzfeed.com/volkswagen/12-stages-of-your-relationship-with-your-car>
- Vukanovic, Z. (2011). New media business models in social and web media. *Journal of Media Business Studies*, 8(3), 51-67.

Weill, P., Malone, T., D'Urso, V., Herman, G., Woerner, S. (2005). Do Some Business Models Perform Better than Others? *Sloan School of Management Massachusetts Institute of Technology*.

Who killed the newspaper: The future of newspapers. (2006, August 26). *The Economist*, 380(8492), 9(US). Retrieved from:
http://go.galegroup.com.ezproxy.lib.calpoly.edu/ps/i.do?id=GALE%7CA149997311&v=2.1&u=calpolyw_csu&it=r&p=AONE&sw=w&asid=11b99742de5aec00ce0b177ed9ff1e5.

Zollman, P. (1999). Making money online: How news sites fare. *Editor & Publisher*.

Appendix A

Interviewer: Aryn Sanderson

Respondent: Ramona Saviss, Managing Editor, *Time Out LA*

Date of Interview: 2/25/2014

Abridged Interview Transcription

Aryn Sanderson: “How does your new media business model generate an economic profit?”

Ramona Saviss: “The business side comes out of New York. *Time Out LA*’s advertising and sales are all based out of *Time Out New York*. We are planned to have some here in year two or three, but when they launched *Time Out LA*, they wanted to put some people on the ground here before bringing over some of the ad business. On the sales side, though, we team up with companies like Travel Zoo or classes, and then get a portion of the sales and travel deals sold. On the other side, there is of course advertising. They can choose a feature we’re already writing and pick to put the ads on that page. Obviously we make money by having more page views. The more clicks on the site, the more our ad team can tell advertisers they should advertise with us. We plan to host sponsored events, whether ticketed or sponsoring an event that’s already happening, and then making a profit off of alcohol sales and whatnot. We don’t do pay for play. When emails go out in the newsletter with ads in them or offers, that is independent of the editorial side. All reviews and stories never overlap with advertising. If we send out an email that is an advertisement, it is clearly stated as sponsored content. We don’t write to appease advertisers, and we don’t change reviews based on if they’ve given us an ad or not.”

AS: “What are the main ways your new media outlet differs from a traditional, old media model? Conversely, what aspects of traditional, old media does your media outlet maintain?”

RS: “Many, many ways. I personally come from a magazine background, and I can say that *Time Out* is much faster-paced and features more fresh content. In new media, we’re able to respond through social media to something almost immediately. Our story cycles are weekly instead of three months out, we have a larger staff, and, of course, more options for advertisers. In old media, they really only had the option of print ads or sponsored events. Now, we have the options of sponsored emails, ads in the email newsletter, ads on a feature on the website, sponsored events and more. In what we maintain, we still fact check stories. One thing that old media did really well was take the time to make sure the information was correct and useful to the reader, and we maintain that here. Currently, we don’t have a blog platform yet, so we don’t write in first person, and our features are very similar in structure to print form. Soon, we will get a blog platform like *Time Out Chicago* or *Time Out New York* as part of that push toward new media. The blog will open doors so that we can respond in a timely manner to things going on like, say, if Carmaggedon were to happen again. Before, we would write a post like ‘Best places to eat without getting in your car,’ but now we would be able to respond in a different way too that wasn’t just a feature.”

AS: “How do content and commerce relate within your new media business model?”

RS: “In most ways, they don’t really, but on our online platform, content and commerce connect through affiliate links. We will feature, say, a music roundup and include a clip of the song, a link to Amazon or iTunes to buy the song, or even like a concert link through Ticketmaster. We then get a percentage of those purchases. At the same time, though, it’s important to realize that commerce doesn’t form our features. Our features come first, and then the affiliate links come afterwards.”

AS: “What are the ethical considerations and implications of your new media economic model?”

RS: “Definitely pay-for-play in advertorial. We take a hard stance on that. Pay for play is writing something because we know it will make advertisers happier. That’s, in my opinion, the No. 1 issue in new media. I think we also see a lot of bloggers who aren’t as legitimate that are blurring that strict ethical line. But, with many new media models, they still uphold the same standards. Our marketing team, for example, not our editorial team writes sponsored advertisements. They’re not written and don’t appear as features.”

AS: “What is particularly innovative about your implementation of this new media economic model?”

RS: “I think that what we do that nobody else really does is in our content. For example, our neighborhood guides. Once we start throwing sponsored events too, we’ll tie in our *Time Out* app. That will give three realms to engage our audiences – a feature on the website, a sponsored event and the app. It makes audiences interested and familiar with *Time Out* as a brand. The *Time Out* app will use wherever you want to give you recommendations for how to explore the city. Let’s say you then fly to New York and wake up in New York. It’ll then show you relevant stories and give reviews for there. *Time Out* has so many legs, that it’s really smart and fresh to use so many outlets to strengthen the brand.” The app is free to download.”

AS: “What advice would you give another media practitioner looking to implement a similar model?”

RS: “Be proactive, know what you’re writing about and you can make it in new media. Above all else, new media because it’s so new, when you write, you need to have integrity and get your facts right or you’ll lose all credibility.”

AS: “What do you think is most misunderstood about your new media economic model, in the eyes of the a) the general public/audience and b) old media practitioners?”

RS: “My answer for both is the same really. What is misunderstood is that many people in the general public and in old media confuse all new media models as one. In general, those in old media, think *Time Out* is a blog and a blog is similar to *Time Out*. There’s a very large differentiation between the two. A website like *Time Out* is much more formal, and you can see that in how the features are written, in third person, for example. Bloggers are also a lot more free. *Time Out*, on the other hand, is a global brand, and we have a consistent voice we must uphold. Another misunderstanding among old media is that they often don’t think our facts are

checked. Just like print media, we can experience production delays as we check facts and ensure accuracy.”

Appendix B

Interviewer: Aryn Sanderson

Respondent: Naheed Mustafa, freelance journalist

Date of Interview: 2/26/2014

Abridged Interview Transcription

AS: “How does your new media business model generate an economic profit?”

NM: “I used the Indiegogo platform to raise money, primarily using social media to publicize my campaign for a reporting trip to Afghanistan. I put together a pitch, budget and then used Twitter and Facebook to get momentum for it, and I met my goal of \$15,000. When you click on a project, along with the pitch, there’s a budget, and that way people could see that the money was going to hard costs, like my airfare.

AS: “What about perks for funders?”

NM: “I gave perks. You can forgo giving out ‘perks’ as they’re called, but it shows up blank. It’s clear that it is something you forwent. For my perks, I gave things relevant to the trip, like I offered people who gave \$25, a weekly photo or people who gave \$50, a weekly update. Those were sort of behind-the-scenes reflections that weren’t going to end up in my writing. It was all connected to the trip.”

AS: “What are the main ways your new media outlet differs from a traditional, old media model? Conversely, what aspects of traditional, old media does your media outlet maintain?”

NM: “I’ve always worked in freelance. For over 23 years, I did freelance work and, up until 2010, which is when I did a crowd-funded project, the model had really always been the same. You pay your way through and then sell your work. Sometimes, you’ll get an advance, but that’s rare. It’s not often that traditional media pay the costs of your work. What I found, though, between 2010 and 2013, interestingly enough, around 60 to 70 percent of my regular freelance venues had disappeared. I did a lot of work in radio documentaries, and almost all of my shows were off the air. These weren’t new shows. They were shows with stable audiences, but because of budget cuts, they were some of the first to go. Another thing I noticed is that media companies have massively expanded, or at least it feels like they have, their push toward web content. Because they have to keep their site updated, everyone wants to push to web. Unfortunately, for a journalist, web pays around 10 percent of what print does. You get, say, \$1 per word for a print article but 10 cents a word for a web. It became obvious to me that the traditional model wasn’t going to work.”

AS: “How do content and commerce relate within your new media business model?”

NM: “It becomes an intimate connection with your supporters, but that intimacy can be a problem. You don’t want to start to feel like these people are your friends or there is pressure to give them what they want.”

AS: “What are the ethical considerations and implications of your new media economic model?”

NM: “It depends, for crowd-funding, really what you’re doing. If you are, for example, crowd-funding to write something that is going to go on your own blog, you’re entering treacherous waters. It needs to go through some sort of a rigorous editing process, fact-checking. My work went to mainline publications, so it went through a vigorous vetting process, and that wasn’t troublesome. Also, it depends who you’re getting the money from. For instance, I got all of my funding exclusively from individuals, so there were no strings attached to the money, but there are some very dangerous ethical implications to consider if there are corporate funders. There’s this newfangled term called ‘advocacy journalism,’ and I think particularly with that, we need to ensure that there’s transparency in the process. It’s very difficult for consumers of news to understand and see financial ties.”

AS: “What is particularly innovative about your implementation of this new media economic model?”

NM: “I spent a lot of time working in documentaries, which, in their own way, have always used crowd-funding, as in the creator raises money for a project. So, that’s not new. But, in terms of journalism, the first time I encountered crowd funding for a journalistic project wasn’t until four or five years ago. It was a young woman looking to go on a ship, an environmental story, and I think there was this sense among a lot of us that it was probably necessary, but very, very sad. It was a sort of necessary innovation in order to do good work after a realization that corporate journalism wasn’t able to, or wasn’t going to, fund that anymore. I think it’s, of course, budget cuts, but also a shift in how media outlets are seeing their role. If they’re willing to purchase your work, but not fund it, what does that say? I liken it to a kind of analogy, like if there’s a broken road down the street, and municipality won’t pay to fix it. But, you gather up the neighborhood, and everyone chips in to fix that road. Is it a good thing or a bad thing? There’s a sort of empathy and community feel that emerge, which is positive, but fundamentally, private money is filling a gap it probably shouldn’t have to fill. If the media is not able or willing to invest money into innovative, interesting work, there is a problem there. And I know this isn’t just the burden of the freelancer. I have friends who are staffers who say they’re not getting to do any investigative or feature work, that they’re just grinding it out day after day. It’s becoming a sad reality.”

AS: “What advice would you give another media practitioner looking to implement a similar model?”

NM: “At the root of it, be concerned about transparency. Be open with what you’re doing and why you’re doing it. People want to see interesting work, and people are often more generous than you’d think, so there’s an element of accepting trust in people. You also need to be realistic. People’s pockets aren’t bottomless, so you need to be strategic in what and how you’re asking for money. Then, there are serious questions to be considered. Do you want people to feel a sense of ownership with what you’re doing? With crowd funding, there is a sense of obligation, of communal ownership, that made me uncomfortable. You want to please people, you don’t want to disappoint them, or have them figuratively ask for their money back, but you need to ensure that your desire to please people doesn’t skew your editorial vision. There are definitely

broader implications that go along with crowd funding and the responsibility you have. We need to start instigating a broader conversation about what this means for working journalists. Often times, longer form items, when they are commissioned, are commissioned from those on fellowships who don't need to be paid. The space is shrinking, and that can often make writers feel desperate. What is journalism going to mean down the line? Journalism is changing, and that is a conversation that needs to be had, particularly with niche publications emerging. Do we want to be exposed to outlets for niche purposes? Do we want to see private ventures funding work that fulfills a certain political vision? Are we getting rid of the generalist?"

AS: "What do you think is most misunderstood about your new media economic model, in the eyes of the a) the general public/audience and b) old media practitioners?"

NM: "There is a lot of skepticism, especially from old media. Really, especially for those who work in old media, there's a misunderstanding of how much things cost, how expensive things are. As a freelancer, we cut a lot of corners, in terms of comfort and in terms of safety, to be on the dollar. To put it in perspective, I had a friend who wrote a story, and he traveled to Afghanistan. It was a hard, investigative piece, and it was a great story, but it cost \$15,000 to produce. For my campaign, I raised \$15,000 and did four features and a documentary in that budget. Very few people, even those in media, realize how expensive it is to do this kind of work. Another thing people in old media don't understand is that the world is changing. The way people are consuming information is changing. It's time to really reevaluate our models of commissioning. Another misconception is that those who are using crowd funding aren't serious. But, really, most can't get money another way because it's getting increasingly difficult to make good money doing this job. I came out of journalism school in '93, and I'm probably part of the last cohort that came into the media where you could start at the bottom, as an editorial assistant or whatnot, and work your way up to foreign correspondent. I really don't think that can happen anymore. So, journalists have to be more innovative. If they're stuck in the old model, they'll die out."

AS: "Additional comments?"

NM: "Crowd funding – people are still treating it as a trend, but I really think it's here to stay. People are relying more and more on public funds, and I am even starting to see people fund individual journalists to keep producing good work. I think it's time for a bigger conversation regarding the implications of new media forms and what media, journalists and the public should demand from each other. There's a lot of potential for abuse, but there's also the potential for really great stuff to happen."

Appendix C

Interviewer: Aryn Sanderson

Respondent: Matt Klein, Director of Product Management, Dwell Media LLC

Date of Interview: 3/04/2014

Abridged Interview Transcription

AS: “How does your new media business model generate an economic profit?”

MK: “We have our print sales, obviously, and we also have an exhibitor conference once a year called Dwell on Design that we host, a physical manifestation of our brand. Our website has three lines of business: the ad business, the e-commerce store and Dwell Design Source, where we have a membership subscription tied to that. Dwell Design Source is a way for customers to connect with brands and professionals who might meet their design needs, and it’s a way for professionals who have skills to connect with a broader audience. Dwell has inspired our customers, so Design Source is a way for our readers to actualize on those design aspirations, to fulfill and connect with the brands and professionals to take their product to fruition. Its potential is as an ecosystem that we’re creating where trade professionals can connect with brands, and brands can connect with professionals, customers can connect with the trade and brands. If they’re looking for an interior designer or landscape architect, a new appliance for their house or new home technology, they can engage with those types of brands. We’re creating a community for those with a shared interest in elevating design to make connections and this fabric will allow that to occur.”

AS: “What are the main ways your new media outlet differs from a traditional, old media model? Conversely, what aspects of traditional, old media does your media outlet maintain?”

MK: “I consider old media really print newspapers, that kind of stuff. New media is really an extension of those mediums, not just taking a print magazine and bringing it online with the same content but going one or two steps further. It’s taking media into new forms that aid the consumer in terms of what they’re trying to get out of the experience, whether that is news, research or inspiration, or even decision making. There are ways that things can be presented online that simply can’t be presented in traditional print magazines and newspapers. If you’re trying to research something, the challenge there is that you need to have three to five years worth of magazines to read through, and with new media that is archived, able to be referenced and researched through search and tags. The old aspect, print, still plays a heavy part in our overall mix. Our print magazine is really our pedigree and our legacy. There’s a high level of thought that goes into that voice, the stories we include and photography. We’re bringing the print magazine content online in various different ways, like digital subscriptions for a tablet experience, an extension and retention of the content, and more so, as we go online, we’re finding the ability to do other things with it is, and that’s interesting. Our ability to overlay different lines of business, including our e-commerce model, is very new. It allows you to take the root of your intellectual property and bring it online in different ways to empower your customer in different ways. As you’re reading articles, there are contextual links out to find more information. We have a special place on our site that calls out who those designers or architects

are and shares their place in architecture and design and gives more information on that project – there's an extension. You have one article but then you link out to architects, designers, potentially products. It takes the context of the article and builds upon it. In old media, an article was an article, and that was it. In new media, an article is spawning branches to engage the customer in other ways."

AS: "How do content and commerce relate within your new media business model?"

MK: "Content is our foundation. It is our intellectual property, it is our voice, and it is what we lead with. Content has the ability to lead customers into commerce experiences where it makes sense. If an article references an architect, you link off to their Design Source page, and if you're a customer looking to hire an architect, that's a great space to learn more about them. This is the splintering effect off of content. People engage in content first, and then many times, complete that with commerce. Right now, a lot of our draw is based on content. As we build out and mature our store and Design Source, that might change, but right now our strong point is our content."

AS: "What are the ethical considerations and implications of your new media economic model?"

MK: "In terms of ethics, I think as long as we're sticking to the reasons and the foundations for why Dwell was founded – speaking to modern design and architecture and promoting optimism in the world and inspiring customers – as long as we always have our content presented in a meaningful way, a way that adheres to our roots, I think that carries through to our other experiences, so that when we present tools and e-commerce that is layered on content, it is the type that empowers customers to make informed decisions as it applies to their design needs."

AS: "So how do you ensure that readers don't feel taken advantage of, or that your credibility isn't lost?"

MK: "The type of Design Source members we bring in are high-level. There is a high-level or curation there. We're not just opening the gates, so we have a subscription model. People subscribe to this service, so that in and of itself is our first sort of accountability point. People want to opt in to this environment to connect with our customers. On the customer side, we need to ensure that connections are made easily, to make sure it's in place, and that if they have any concerns through their engagement, that there's a way to voice their feedback. We want to continually listen and improve and always optimize their experience and tune it to meet their needs and make sure that the end result is a good one."

AS: "What is particularly innovative about your implementation of this new media economic model?"

MK: "I think the inspiration behind the implementation of this is the inspiration we've been creating with our users for years. It's about helping them actualize. It's closing the loop with the customer. We've inspired them, and now it's time to empower them. Moving forward, Design Source will be embedded into all of our experiences – we're going to create this fabric that is kind of woven through the Dwell experience that really pulls content and commerce together so

that customers can flow from one to the other as it suits their needs.”

AS: “Has this been seen before?”

MK: “I think there are a lot of examples out there where companies have tried to use content to drive commerce experiences. What distinguishes us is that the content is ours. It is our voice, our history of articles, over many years, which we are leveraging, and that’s the main thing I’d focus on here.”

AS: “What advice would you give another media practitioner looking to implement a similar model?”

MK: “I would say develop something that is distinctly yours and own-able because ultimately that becomes defensible. It’s a barrier for others who don’t have it. That takes time, it takes consistency, it takes passion, it takes dedication, and it takes a different way of thinking.”

AS: “What do you think is most misunderstood about your new media economic model, in the eyes of the a) the general public/audience and b) old media practitioners?”

MK: “In terms of misunderstood, I don’t think there’s a misunderstanding at this point. These products are relatively new, so it’s more about awareness. As we move forward, we’ll blend these experiences into everything that is Dwell, and that will help to mitigate that gap. In terms of old media, their view into this is, ‘how are they going to move beyond content into commerce?’ Media many times get stuck in their ways and see this as a leap of fate. The technology is here to support these mediums at this point; the barriers to entry are lower. The e-commerce experience can be layered onto content.”

AS: “Additional comments, and a little background about you?”

MK: “I see this as a journey. Yahoo Travel was my first foray into the lifestyle category, and this is a continuation of that for me. I’m excited to be part of this brand that has such a great pedigree and legacy. For me, it’s an opportunity to dive into dwell.com and meet customer needs.”

Email addition: “Another form of revenue/diversification is the Dwell Insights Group (DIG), which is an independent research division of Dwell Media LLC.”